

Message Text

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SUBJ: PRIME MINISTER'S CONSULTATIVE COUNCIL

REF: LIMA 5375

1. JOSE LUIS BROUSSET, FORMER VICE MINISTER OF FINANCE UNDER THEN-FINANCE MINISTER MORALES BERMUDEZ AND NOW PRESIDENT OF THE BANCO POPULAR, TOLD EMBASSY OFFICERS ON JUNE 7 THAT THE PRIME MINISTER'S NEW CONSULTATIVE COUNCIL WILL SERVE TO PROVIDE MORALES BERMUDEZ WITH ADVICE AND COUNSEL FROM VARIOUS CIVILIAN SECTORS, BUT IT IS NOT DESIGNED TO USURP COAP'S COORDINATING FUNCTION. BROUSSET EXPLAINED THAT IN 1969, WHEN THE FUNCTIONS OF THE PRIME MINISTER WERE ORIGINALLY DEFINED BY STATUTE, THE PRIME MINISTER'S OFFICE WAS AUTHORIZED TO CREATE THREE INTERMINISTERIAL COORDINATING COMMITTEES FOR SOCIAL AFFAIRS, ECONOMIC AFFAIRS, AND NATIONAL SECURITY. HOWEVER, NEITHER MONTAGNE NOR MERCADO JARRIN ESTABLISHED THESE COMMITTEES.

2. BROUSSET SAID THAT THE PRIME MINISTER'S INTER-MINISTERIAL ECONOMIC AND FINANCIAL COMMITTEE (CIAEF) WAS ESTABLISHED IN FEBRUARY AND WAS THE PRINCIPAL ORGAN WHICH PUSHED THROUGH THE ECONOMIC PACKAGE MEASURES, WITHOUT COAP'S DIRECT INVOLVEMENT. BROUSSET SAID THAT

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SINCE THE CIAEF AHD ALL THE NECESSARY INPUT PRIOR TO

PRESENTATION OF THE PACKAGE TO THE CABINET, COAP HAD NO ROLE TO PLAY IN THE APPROVAL OF THE PACKAGE. MOREOVER, BROUSSET NOTED THAT THE CIAEF WILL CONTINUE TO FUNCTION. GIVEN CIAEF'S CREATION, BROUSSET CONTINUED THAT IT WAS LOGICAL FOR THE PRIME MINISTER TO DUST OFF THE IDEA OF AN OVERALL CONSULTATIVE COUNCIL, EVEN THOUGH IT IS NOT TECHNICALLY MENTIONED IN THE 1969 DECREES. BROUSSET EMPHASIZED THAT THE PRIME MINISTER "LIKES TO LISTEN TO OPINIONS" AND THAT THIS WILL BE THE PRINCIPAL FUNCTION OF THE CONSULTATIVE COUNCIL. IT WILL NOT HAVE A STAFF AND MEMBERS WILL BE NAMED AD HOC ON AN INDIVIDUAL BASIS TO CONSULT REGULARLY WITH THE PRIME MINISTER.

3. WHEN QUESTIONED ABOUT WORKER REPRESENTATIVES ON THE NEW COUNCIL, BROUSSET SAID THERE COULD WELL BE WORKERS NAMED, I.E., POSSIBLY MEMBERS OF THE MINISTRY OF LABOR'S OWN MINISTERIAL CONSULTATIVE COUNCIL. BROUSSET SAID THAT NO PUBLIC OFFICIAL WILL BE NAMED BECAUSE THE PRIME MINISTER WISHES TO AVOID HAVING PEOPLE ON THE COUNCIL WITH INSTITUTIONAL AXES TO GRIND.

4. COMMENT: BROUSSET IS VERY CLOSE TO PRIME MINISTER MORALES BERMUDEZ AND HAS BEEN MENTIONED AS A PRIME CANDIDATE FOR THE FINANCE MINISTRY CABINET POST, SHOULD THE MILITARY EVER DECIDE TO APPOINT CIVILIANS TO CABINET POSITIONS. HIS REMARKS ABOUT THE CIAEF IGNORING COAP'S FUNCTIONS IN THE PREPARATION OF THE ECONOMIC PACKAGE ARE SIGNIFICANT AND CONFIRM RUMORS TO THIS EFFECT THAT WE HAD HEARD BEFORE. HOWEVER, IN REGARD TO THE CONSULTATIVE COUNCIL, IT IS STILL PREMATURE TO PREDICT WHETHER THIS COUNCIL WILL ASSUME A SIGNIFICANT ROLE. AS FINANCE MINISTER, MORALES BERMUDEZ DID ESTABLISH HIS OWN CONSULTATIVE COMMITTEE WHICH INCLUDED SEVERAL PRIVATE SECTOR BUSINESSMEN. HIS NEW CONSULTATIVE COMMITTEE WILL PROBABLY SERVE MORE AS A PERSONAL SOUNDING BOARD FOR THE PRIME MINISTER TO OBTAIN ADVICE FROM CIVILIANS AND THE PRIVATE SECTOR, RATHER THAN AS AN ACTION ORGANIZATION SUCH AS THE CIAEF. WHAT IS IMPORTANT TO NOTE IS THE PRIME MINISTER'S APPARENT CONTINUING DESIRE TO OBTAIN INFORMATION FROM ALL LEVELS OF SOCIETY, LIMITED OFFICIAL USE

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RATHER THAN TO RELY SOLELY ON THE MILITARY AND THE MINISTERIAL INSTITUTIONS. WE SHOULD KNOW MORE ABOUT THE ROLE AND POWERS OF THE CONSULTATIVE COMMITTEE ONCE ITS MEMBERS ARE NAMED. IN THE MEANTIME, THE PRIME MINISTER'S DESIRE TO REORGANIZE HIS OWN OFFICE IS A REFRESHING INDICATION OF HIS INTEREST IN OBTAINING A DIVERSITY OF VIEWS, WHICH HAS NOT HITHERTO BEEN ONE OF THE CHARACTERISTIC STRENGTHS OF THE VELASCO ADMINISTRATION.

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